

Congress Must Act Quickly to Prevent Collapse of Puerto Rico

Puerto Rico, home to 3.5 million Americans, will default on \$422 million worth of debt on May 1 unless Congress acts to allow the territory to restructure its debt. Last week, House Republicans introduced legislation to provide debt relief to Puerto Rico as negotiations on the compromise legislation continue.

Congress has a responsibility to act to address this financial and humanitarian crisis. The citizens of Puerto Rico have lived with the effects of the debt crisis for years, feeling the effects across all aspects of life. A few examples of the impact of the debt crisis:

Economy

- 10 percent of the population of Puerto Rico has left in the last decade, including two-and-a-half percent, or 85,000, in 2015 alone. [U.S. Department of Treasury, [2/24/16](#)]
- One doctor leaves the island per day. [NPR, [3/12/16](#)]
- 45% of the population of Puerto Rico lives in poverty. [Reuters, [12/1/15](#)]
- The unemployment rate stands at 11.7%, or more than double the national average. [U.S. Department of Labor, [4/15/16](#)]

Budget

- Suppliers to the government are owed \$2 billion. [El Nuevo Dia, [4/2/16](#)]
- Taxes and fees have increased significantly: sales tax has risen 11.5 percent, the highest in the country. [Working Group for the Fiscal and Economic Recovery of Puerto Rico, [3/1/16](#)]
- Water rates have increased 65 percent. [Puerto Rico Aqueduct and Sewer Authority, [2015](#)]
- Government employment has decreased 27 percent since 2008. [Working Group for the Fiscal and Economic Recovery of Puerto Rico, [9/9/15](#)]
- Puerto Rico's State Insurance Fund is at risk of insolvency due to unpaid loans to the central government and public agencies. [El Nuevo Dia, [4/14/16](#)]

Education

- 150 schools have closed on the island, and it is anticipated that this number will increase to nearly 600 in the next five years, or half of all public schools. [El Caribe, [5/14/15](#)]
- Therapy sessions for special education students are at risk of being disrupted because the Department of Education has not paid service providers in four months. [El Nuevo Dia, [3/31/16](#)]

Healthcare

- More than 325 confirmed cases of the Zika virus have been reported, and 20 percent of the population is at risk of becoming infected. [Centers for Disease Control, [4/13/16](#)]

- Hospitals across the territory have had to lay off staff and have dangerously low resources:
 - HIMA San Pablo Hospitals will lay off 470 employees, or nine percent of their staff. [El Nuevo Dia, [4/8/16](#)]
 - San Jorge Children's Hospital, the largest children's hospital on the island, closed two wings, 40 rooms, reduced hours and cut pay for all employees, and cannot fund 70 vacant nursing positions. [NPR, [3/3/16](#)]
 - The Forensic Psychiatric Hospital cut more than half its staff. [El Nuevo Dia, [1/10/16](#)]
 - The Inglesia Episcopal Hospital has less than 12 days of cash on hand. [NewOak Capital, [11/2015](#)]

Housing

- 22% of homes in Puerto Rico are vacant. [Caribbean Business, [4/14/16](#)]
- On average, 12 families lose their home each day. [El Nuevo Dia, [2/9/16](#)]
- The delinquency rate on mortgage payments stands at 14.25 percent in Puerto Rico, compared to six percent in the mainland. [El Nuevo Dia, [2/9/16](#)]

In his testimony before the House Committee on Natural Resources last week, Antonio Weiss, Counselor to Treasury Secretary Jack Lew, reiterated the importance of adopting a responsible solution to the crisis in Puerto Rico:

“The effects of the crisis become more evident by the day. Health, education, and public safety services have been curtailed because the government is out of cash and cannot pay its bills...Hospitals have closed floors and terminated employees...There are inadequate funds to respond to the spreading Zika virus. Fuel supplies for the government's ambulances, police cars, and fire trucks are dangerously close to being cut off.” [Antonio Weiss, [4/13/16](#)]

The Puerto Rican people deserve Congressional action that allows for the restructuring of the island's debt. Democrats will continue to work toward a bipartisan agreement that ensures the necessary oversight without interfering with the sovereignty of the Puerto Rican government.